Claims:

1 – 10. (canceled).

11. (previously presented): A method to encode an image with a digital watermark, wherein the image comprises a plurality of color channels, said method comprising:

determining a color characteristic for a group of image samples;

based at least in part on the characteristic, determining for the group of image samples which of the plurality of color channels should receiving encoding;

transforming from the group of image samples at least one determined color channel that should receive encoding into a transform domain; and

altering transform domain coefficients of the at least one determined color channel to encode the digital watermark.

12. (previously presented): The method of claim 11, further comprising transforming an altered color channel into a spatial domain.

13. (original): The method of claim 11, where the characteristic identifies which of the color channels will best hide the digital watermark in terms of visibility.

14. (previously presented): A method of encoding a color image with an auxiliary signal, wherein the auxiliary signal comprises encoding values, and wherein the color image comprises an array of color values, said method comprising:

providing a set of encoding values for an image sample;

determining a color characteristic for the image sample based on its color values; and

selectively scaling color values in the image sample based on the color characteristic to encode at least a portion of the auxiliary signal in the color image in accordance with at least the encoding values.

15. (previously presented): The method of claim 14, wherein the scaling effects a change in luminance.

16. (original): The method of claim 15, wherein the scaling comprises a scale to black.

17. (original): The method of claim 15, wherein the scaling comprises a scale to white.

18. (original): The method of claim 14, wherein the color characteristic comprises yellow content.

19. (previously presented): A method to encode data representing imagery with a digital watermark, wherein the data represents a plurality of colors, said method comprising:

determining a color characteristic for a group of data samples;

based at least in part on the characteristic, determining for the group of data samples which of the plurality of colors should receiving encoding;

transforming from the group of data samples data representing at least one determined color that should receive encoding into a transform domain; and

altering transform domain coefficients of the data representing at least one determined color to encode the digital watermark.

20. (previously presented): The method of claim 19 further comprising transforming data representing an altered color into a spatial domain.

21. (previously presented): The method of claim 19 where the characteristic identifies which of the colors will best hide the digital watermark in terms of visibility.

22. (previously presented): The method of claim 19 wherein the imagery comprises a digital image or video.

23. (previously presented): A method of encoding data representing color imagery with an auxiliary signal, said method comprising:

providing a set of encoding values for a data sample;

determining a color characteristic associated the data sample based on associated color values; and

selectively scaling color values in the data sample based on the color characteristic to encode at least a portion of the auxiliary signal in the data representing color imagery.

24. (previously presented): The method of claim 23 wherein the selectively scaling effects a change in luminance.

25. (previously presented): The method of claim 24 wherein the selectively scaling comprises a scale to black.

26. (previously presented): The method of claim 24 wherein the selectively scaling comprises a scale to white.

27. (previously presented): The method of claim 23, wherein the color characteristic are associated with yellow content.

28. (previously presented): The method of claim 23 wherein the color imagery comprises a digital color image or video.

29. (previously presented): The method of claim 28 wherein the auxiliary data is steganographically encoded in the data representing color imagery.